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STATE FOR ISN, EUR/AGS AND EAP/CM

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TAGS: [ETTC](#) [MNUC](#) [MTCRE](#) [TNGD](#) [PARM](#) [PREL](#) [PINR](#) [GM](#) [CH](#)

SUBJECT: GERMAN QUERY ON PRC UNIVERSITY SEEKING FILAMENT
WINDING MACHINE

Classified By: Global Affairs Chief Donald R. Shemanski, for reasons 1.
4 (b) and (d)

¶1. (U) This message contains a request for guidance --
please see paragraph four.

¶2. (S) Global Affairs officer met German MFA Export Control
Division Desk Officer Andreas Kauke December 21. Kauke
passed a nonpaper concerning an export license application
currently undergoing review by the German federal
inter-agency export control group. The application is for
the export of a filament winding machine to the Inner
Mongolia University of Technology (IMUT), located in Hohhot,
China. Kauke said that although the German Government has no
derogatory information on IMUT or the intermediate consignees
involved, it is aware of USG concerns over exports of these
machines to China and would like USG input on whether to
grant or deny the license. The German Government would have
grounds to deny the license, because filament winding
machines are controlled by both the Nuclear Supplier Group
(NSG) and the Missile Technology Control Regime (MTCR).
Because the German Government is under some pressure to
decide on the application, it requests a USG response by
January 9, 2007.

¶3. (S) Begin unofficial embassy translation of
German-language nonpaper:

We would like to bring the following information to the
attention of U.S. authorities:

-- The German export control authorities are currently
examining an application for granting the export of a CNC
filament winding machine, which is to be exported to the
Inner Mongolia University of Technology (IMUT), in Hohhot,
China. The machine is capable of producing components of
varying geometries, such as tubes and containers, but it is
also suitable for the production of rocket components and
rotors for gas centrifuges. The machine is listed on NSG and
MTCR annexes as a so-called key element in both regimes.

-- The filament winding machine is to be used for the
research and development of high-pressure pipelines for
natural gas and of corresponding hydraulic accumulators.

-- The purchaser of the good supposedly is the Dalian LiHua
Economic and Trade Company, Ltd. It is supposedly a
subsidiary of L.F. Enterprises Development Company in Hong
Kong. Since this firm, L.F., is located in Hong Kong, it is
not allowed any contracts with Chinese enterprises for the
import of barred goods and accordingly must use its 100
percent-owned subsidiary, the Dalian LiHua Economic and Trade
Company, Ltd., China. In addition, the firm L.F. owns two
other subsidiary firms in China: L.F. International Trading
(Shenzhen) Company, Ltd., and Hainan Liyuan Trading Company,

Ltd.

-- The German authorities have no negative information about any of these enterprises.

-- In view of the risk of diversion of the machine (a key element) we would be grateful to the U.S. authorities for an examination and sharing of information if they have any derogatory proliferation-relevant information about the firms.

We are pleased with our continuing outstanding cooperation

End text of German-language nonpaper.

14. (U) Post requests guidance on responding to the German request by January 9, 2007.
KOENIG